



# NARUC Committee on Gas Winter Meetings

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Commissioner  
Federal Energy Regulatory Commission

March 7, 2000  
Washington, D.C.

A decorative graphic on the left side of the slide, resembling the spiral binding of a notebook. It features a blue vertical line with a black spiral winding around it, and a small white sphere at the top.

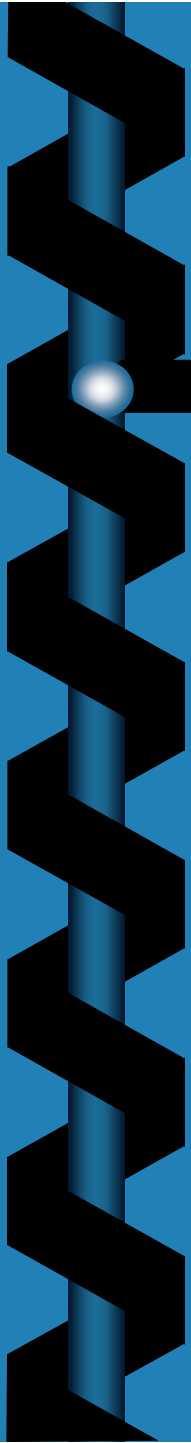
# FERC ELECTRIC POLICY IMPACTS ON THE NATURAL GAS INDUSTRY

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- RTO POLICY
- ELECTRIC GENERATOR INTERCONNECTION POLICY
- MERGER POLICY

# RTO FORMATION UNDER ORDER 2000: THE COMMISSION'S POLICY OBJECTIVES

- Eliminate Undue Discrimination and Self-Dealing on the Transmission Grid
  - Grid Operation Independent of Merchant Interests
  - Independent Tariff Administration
- Enhance Grid Reliability
  - Eliminate Scattered Grid Management
  - RTO Enforces Reliability Rules
  - Facilitate Needed Grid Expansion
  - Transmission Maintenance Scheduling
  - Generator Redispatch for Reliability



## RTO FORMATION UNDER ORDER 2000: THE COMMISSION'S POLICY OBJECTIVES (Continued)

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- Facilitate Large and Efficient Electric Markets
  - One-stop Shopping for Transmission Services
  - Eliminate Rate Pancaking
  - Efficient Congestion Management
  - Efficient Grid Pricing
- Regional Grid Planning and Market Monitoring



# IMPACT OF RTOs ON NATURAL GAS INDUSTRY

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- Stimulate Entry for New Gas-Fired Generation
  - Merchant Generators Want Vibrant Electric Markets
  - Gas is the Fuel of Choice for New Generation
  - New Generators as Congestion Management Tools
- Stimulate Pipeline Expansions

## IMPACT OF RTOs ON NATURAL GAS INDUSTRY (Continued)

- Encourage New Pipeline Services Tailored for Generation
  - Hourly Services (e.g., Reliant and Panhandle)
- Facilitate Efficient Pipeline Operation
  - Load-leveling Effect of Electric Generation
- Reinforce Need for Transactional Transparency in Gas Markets



# IMPORTANCE OF A GENERIC GRID INTERCONNECTION POLICY FOR GENERATORS

- Eliminate Barriers to Interconnection
  - Need Comparability in Right to Interconnect
  - Procedural Barriers (Protracted Negotiations and Legerdemain)
  - Required Tie-in for Long Term Transmission Service
- Unbundle Access to the Grid from Access Across the Grid
  - Interconnection conveys a right to inject power into the grid at the point of interconnection
  - Interconnection request does not have to be concurrent with the request for transmission service



# IMPORTANCE OF A GENERIC GRID INTERCONNECTION POLICY FOR GENERATORS (Continued)

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- Standardize Process for Arranging Interconnection
- Adopt a Uniform Agreement for Interconnection



# FERC MERGER POLICY

- Jurisdiction
  - Natural Gas Act versus the Federal Power Act
- Focus on the Competitive Impacts on Electric Generation Markets
  - Structural Analysis and Evaluation of Market Power and Potential for Anticompetitive Behavior
- Horizontal Mergers
- Vertical Mergers